Financial And Consumer Affairs Authority of Saskatchewan

Annual Report 2014/2015

FCAA

Financial and
Consumer
Affairs Authority

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Letters of Transmittal

Her Honour, Honourable Vaughn Solomon Schofield,
Lieutenant Governor of Saskatchewan

May It Please Your Honour:

As the Minister responsible for Financial and Consumer Affairs Authority of Saskatchewan, I respectfully submit the annual report for the year ending March 31, 2015.

Gordon S. Wyant, Q.C.
Minister of Justice and Attorney General

Minister of Justice and Attorney General

Dear Sir:

I have the honour of submitting for your consideration the annual report of Financial and Consumer Affairs Authority of Saskatchewan for the year ending March 31, 2015.

Roger Sobotkiewicz
Acting Chair and Chief Executive Officer
Financial and Consumer Affairs
Authority of Saskatchewan

Message from the Chair

The annual report is a chance to step back from the day-to-day business of being a regulator. It's an opportunity to take a look at the big picture and take stock of everything we've accomplished in the last year at the Financial and Consumer Affairs Authority (FCAA). As Acting Chair and CEO, I am pleased to share our story with you.

Our core role is to build and maintain the public trust in the Saskatchewan marketplace. Our staff work diligently to ensure consumers and businesses enjoy a fair, stable and predictable marketplace. Saskatchewan continues to grow and that means more activity in the marketplace. The increase in market activity and new changes introduced by technology, new ways of doing business and new legislation means FCAA must put considerable focus on adapting to change.

Last year

Last year, FCAA achieved a number of significant milestones on the path to completing its strategic priorities. Working with our partners in the Ministry of Justice, we took steps to bring about a number of changes to the rules that govern Saskatchewan's marketplace, including:

- Proclamation of *The Consumer Protection and Business Practices Act*, marking the beginning of a consolidation of seven Acts under one banner. This consolidation will both modernize and harmonize the seven regulatory programs, making the rules easier for consumers and businesses to understand and simpler for FCAA to administer;

- The introduction of Bill 177, *The Insurance Act*, in the Legislative Assembly. The updated legislation will modernize regulation of an industry that has changed considerably since the current legislation was enacted. The new Act will protect consumers by filling gaps created by changes in how the industry conducts business and increase harmonization with insurance legislation in other provinces to reduce unnecessary burden on the industry;

- The implementation of amendments to *The Pension Benefits Regulations, 1993* to make it easier for former residents of Saskatchewan who leave Canada to unlock their pension funds in Saskatchewan. Prior to this change, former residents who moved abroad faced a number of obstacles to unlock their pension funds accrued while they resided in Saskatchewan;

- The publishing, in concert with other jurisdictions participating in the development of the Capital Markets Regulatory Authority (CMRA), of a consultation draft of the Provincial Capital Markets Act (PCMA). The PCMA, when proclaimed, will provide the legislative foundation for the CMRA to assume responsibility for the regulation of Saskatchewan's capital markets.

We've also embraced the future by harnessing social media as a platform to engage our audience in new and innovative ways. Our regular messaging is designed to share important updates, consumer tips and raise awareness about the work of FCAA. I'm pleased with our progress so far and hope to see our audience grow as we move forward.

This year

The upcoming year will bring even greater change and another opportunity for FCAA to deliver value to the people of Saskatchewan. Our culture at FCAA emphasizes proactive engagement; we don't want to be playing catch-up with the market, we want to flow with it and meet the needs of consumers and businesses.

R3 is an important project we've undertaken to digitize our files and records and streamline our workflows across four of our divisions. R3 is about better records management, delivering faster, more responsive services to the public and finding efficiencies by taking advantage of the best solutions technology has to offer in the modern workplace.

We also continue our transition towards transferring responsibility for regulation of the capital markets in Saskatchewan to the CMRA, which will harmonize securities regulation, improve regulatory efficiency and investor protection and allow for the management of systemic risk in the capital markets on a national basis.

We expect to finalize regulations with respect to pooled registered pension plans later this year, which will allow *The Pooled Registered Pension Plans Act* to be proclaimed in force. This new legislation will provide low cost pension plan options for workers in Saskatchewan, including workers who do not currently have access to a pension plan and the self-employed.

One of our biggest projects this year will be the development of a regulatory program for SaskCentral. In January of 2017, regulatory oversight of SaskCentral will transfer from the federal Office of the Superintendent of Financial Institutions to the Province of Saskatchewan. SaskCentral, as the manager of statutory liquidity for the Saskatchewan credit union system, plays a key role in maintaining the financial health of Saskatchewan credit unions.

Big Shoes

I also can't forget to acknowledge Dave Wild, the former Chair and CEO of FCAA, who accepted another position within government earlier this year. Over the years, Dave's leadership set the tone for the kind of organization FCAA has become.

As time has passed in my new role I have realized a greater appreciation for the team we have here at FCAA. In this year of big change, our staff has been key to the stability of our organization. Despite the challenges, they've stepped up to the plate and managed to deliver results day in and day out. I trust in them and I am confident our team can continue to preserve public confidence and trust in the Saskatchewan marketplace. For these reasons and more, I say thanks to Dave and thanks to my team.

I'm pleased to present to you this report documenting the hard work and accomplishments of FCAA during the past year. It demonstrates our ongoing commitment and value to the people of Saskatchewan.

Roger Sobotkiewicz
Acting Chair and CEO of FCAA

Who We Are

As a regulator and quasi-judicial adjudicator, we protect Saskatchewan consumers, public interests and businesses by providing effective, balanced and timely market regulation.

Financial and Consumer Affairs Authority (FCAA) is a Crown corporation assigned to the Minister of Justice and Attorney General and led by a seven-person Board of Directors established under *The Financial and Consumer Affairs Authority of Saskatchewan Act*. FCAA is dedicated to advancing the interests of consumers by ensuring fair trading conduct and minimizing opportunities for unfair, unlawful, or deceitful commercial activity.

- Financial services are essential to the growth, development and strength of market economies because they support corporate growth and innovation and make managing financial risk easier. Regulation is essential for maintaining the integrity, efficiency, and transparency of financial markets. Except for banks, FCAA regulates and adjudicates all financial services in Saskatchewan including: the credit union system, insurance, pensions, securities, trust and loans, payday loans and mortgage brokers.
- Consumer protection regulation is also critical to helping Saskatchewan residents acquire wealth and retirement savings. As the world continues to shrink due to globalization and transactions become more complex, fraud schemes become increasingly varied and common. This means consumer protection laws are more important than ever. Enforcement of consumer protection laws is necessary to ensure Saskatchewan residents have a high quality of life, confidence in their government, institutions and the marketplace. Another positive effect of consumer protection regulation: it supports consumer confidence, which encourages spending and investment.

FCAA is responsible for helping to develop provincial legislation, regulations, policies and rules and for interpreting and applying those rules while protecting the rights and interests of consumers when the rules are violated. In addition, we support an environment that upholds a fair marketplace for consumers and a level playing field for businesses.

Our regulatory functions for financial services include prudential and market conduct regulation. Prudential regulation means making sure regulated businesses and institutions are financially sound. Market conduct regulation entails ensuring businesses comply with consumer protection provisions such as confidentiality, disclosure and fair practices. Both types of regulation ensure that Saskatchewan businesses put consumers first.

We rely on and oversee the following organizations that are involved in licensing and regulation, but are not provincial government entities:

- Credit Union Deposit Guarantee Corporation
- Funeral and Cremation Services Council of Saskatchewan
- General Insurance Council of Saskatchewan
- Hail Insurance Council of Saskatchewan
- Investment Industry Regulatory Organization of Canada
- Life Insurance Council of Saskatchewan
- Mutual Fund Dealers Association of Canada
- Saskatchewan Real Estate Commission

FCAA supports consumer education and awareness as a means of encouraging consumers to protect themselves.

Board of Directors

Board Members: (Peter Carton, Susan Amrud, Paul Robinson, Mary Ann McFadyen and Roger Sobotkiewicz. Gordon Hamilton and Derrek Fahl are absent.

Roger Sobotkiewicz

Acting Chair and Chief Executive Officer
Adjudicative Committee

Roger Sobotkiewicz was appointed acting Chairperson of the Authority in February 2015. He is also acting CEO of the Authority and holds appointments as Acting Superintendent of Insurance, Superintendent of Pensions, Superintendent of Real Estate, Superintendent of Financial Institutions, Registrar of Credit Unions and Director of Payday Loans. Mr. Sobotkiewicz acted as legal counsel for the Authority for the past eleven years, during which time he led a number of significant policy development initiatives. Prior to joining the Authority, he practiced law in private practice and in the Crown sector. He holds a Bachelor of Law degree from the University of Manitoba.

Paul Robinson

Vice-Chair - Appointed June 2009
Human Resources and Governance Committee
Adjudicative Committee

Mr. Robinson's career includes several senior positions in provincial and municipal governments including Deputy Minister of Revenue and Financial Services and Deputy Minister of Parks and Renewable Resources. He has also worked as a financial planner with a national investment firm. He has an honours BA from the University of Waterloo, an MBA from McMaster University, is a Certified Management Accountant (CMA), and a Chartered Financial Analyst (CFA).

Peter Carton

Member - Appointed June 2009
Chair of Finance and Audit Committee
Adjudicative Committee

Peter Carton was appointed to the Authority in June 2009. Mr. Carton retired from a career spanning 30 years with the Royal Bank of Canada. He has background in all areas of retail banking; most recently, he was the Regional Vice-President for Commercial Banking covering Saskatchewan, Manitoba and northwestern Ontario. Mr. Carton holds an MBA from Dalhousie.

Gordon Hamilton

Member - Appointed June 2009
Chair of Human Resources and Governance Committee
Adjudicative Committee

Gord Hamilton was appointed to the Authority in June 2009. Mr. Hamilton is a lawyer in private practice with the Saskatchewan law firm of McDougall Gauley LLP. He has extensive experience in labour relations and administrative law, having served as Vice Chairperson of the Canada Industrial Relations Board. Mr. Hamilton also has a background in the co-operatives and Saskatchewan credit unions. He held senior positions at Affinity Credit Union, Saskatchewan Wheat Pool (now Viterra), and Federated Co-operatives Limited.

Mary Ann McFadyen

Member - Appointed June 2009
Human Resources and Governance Committee
Adjudicative Committee

Mary Ann McFadyen was appointed to the Authority in June 2009. Ms. McFadyen was associatied with the Saskatchewan Chamber of Commerce for over 30 years. She was the Executive Director and CEO of the Chamber for more than two decades. In recognition of her contribution to business, she received the Canada 125 Award and was named one of the ten most influential women in Saskatchewan by Saskatchewan Business Magazine.

Derrek Fahl

Member - Appointed July 2011
Chair of Adjudicative Committee
Finance and Audit Committee

Derrek S. Fahl was appointed to the Authority in July 2011. Mr. Fahl is a director with Wallace Meschishnick Clackson Zawada, a law firm in Saskatoon, SK. He is the head of the firm's corporate and commercial law practice group, and focuses his practice in the areas of mergers and acquisitions, corporate finance, securities law, corporate governance and secured lending transactions. Mr. Fahl holds a Bachelor of Commerce and a Bachelor of Law from the University of Saskatchewan.

Susan Amrud, Q.C.

Member - Appointed July 2014
Finance and Audit Committee
Adjudicative Committee

Susan Amrud, Q.C. was appointed to the Authority in July 2014. She is the Associate Deputy Minister of the Ministry of Justice. After three years in private practice, she has spent the last 32 years of her career practicing law in the Ministry of Justice with a focus on legislative development. She is a member of the board of the Credit Union Deposit Guarantee Corporation, the Law Reform Commission and Pro Bono Law Saskatchewan. She holds a Bachelor of Arts, with distinction, and a Bachelor of Laws from the University of Saskatchewan.

Dave Wild resigned February 2015. FCAA thanks Dave for his years of service, we wish him well in his future endeavors.

Dave Wild

Resigned February 2015 - Chair and CEO
Adjudicative Committee

Dave Wild led the transformation of marketplace regulation in Saskatchewan. He was appointed Superintendent of Pensions in 1992 and Chair of the Saskatchewan Securities Commission in 2001. In 2003, he became Chair and Chief Executive officer (CEO) of the Saskatchewan Financial Services Commission, which merged the province's financial services regulators into a single agency. The transformation was completed with the expansion of the organization's mandate to include all consumer protection regulation in 2011 and the creation of the Crown corporation, Financial and Consumer Affairs Authority in 2012.

empowering
consumers

Committees of the Board

The work of the Board of Directors is assisted by the following committees:

The Finance and Audit Committee helps the Board of Directors fulfill its oversight responsibilities by reviewing:

- our policies and procedures for managing risk;
- our financial statements and other financial information;
- the ways we control our finances and accounting; and
- how we report on our accounting and financial reporting processes and external auditor's performance.

This committee also oversees our audit process and provides advice to continue improving our financial policies and practices.

The Human Resources and Governance Committee gives the Board of Directors advice on compensation, corporate assessment, and corporate governance matters. The goals of this committee are to ensure FCAA has:

- a culture of integrity;
- systems in place to assess staff performance;
- systems in place to assess FCAA's performance – including our Board of Directors and committees;
- appropriate corporate governance policies, practices, and procedures that are being followed;
- an employee compensation and benefit package that attracts qualified staff; and
- succession planning in place for senior management and other critical positions.

This committee also gives the Board of Directors, on request, advice about the Board's composition.

The Adjudicative Committee periodically re-evaluates our policies and procedures for hearings and recommends improvements. This committee also helps board members stay current on legal issues related to FCAA's hearing process.

In addition to our board members, two retired justices were appointed to this committee in 2013: The Honourable Eugene Scheibel and The Honourable Larry Kyle. Both serve as panelists at FCAA hearings.

Our Divisions

FCAA is organized into five program divisions: Consumer Credit, Consumer Protection, Insurance and Real Estate, Pensions, and Securities. These program areas are supported by the Chair's Office, which includes Corporate Services, Communications, and the Legal Branch.

Consumer Credit

The Consumer Credit Division is responsible for regulating Saskatchewan credit unions; trust, loan and finance companies; loan and mortgage brokers; and payday lenders. The division protects the public interest and enhances public confidence by encouraging sound and ethical business practices.

Consumer Protection

The Consumer Protection Division supports fair trading in goods or services between consumers and businesses when the purchases are for personal, household, or family use. The division strives to protect consumers and maintain a fair trading business environment through market regulation, sector-specific business and salesperson licensing, complaint investigation, education initiatives, inter-agency and inter-jurisdictional cooperation, enforcement action and research. The division also supports the Film Classification Board and oversees the Funeral and Cremation Services Council.

Insurance and Real Estate

The Insurance and Real Estate Division licenses all companies that transact insurance in Saskatchewan. The division protects insurance policyholders by regulating provincial insurance companies, federal and provincial insurance companies' market conduct, and by overseeing the Insurance Councils of Saskatchewan with respect to rules insurance agents and brokers must follow. The division also protects real estate buyers and sellers by overseeing the rules that the Saskatchewan Real Estate Commission applies to real estate brokers and salespersons.

Pensions

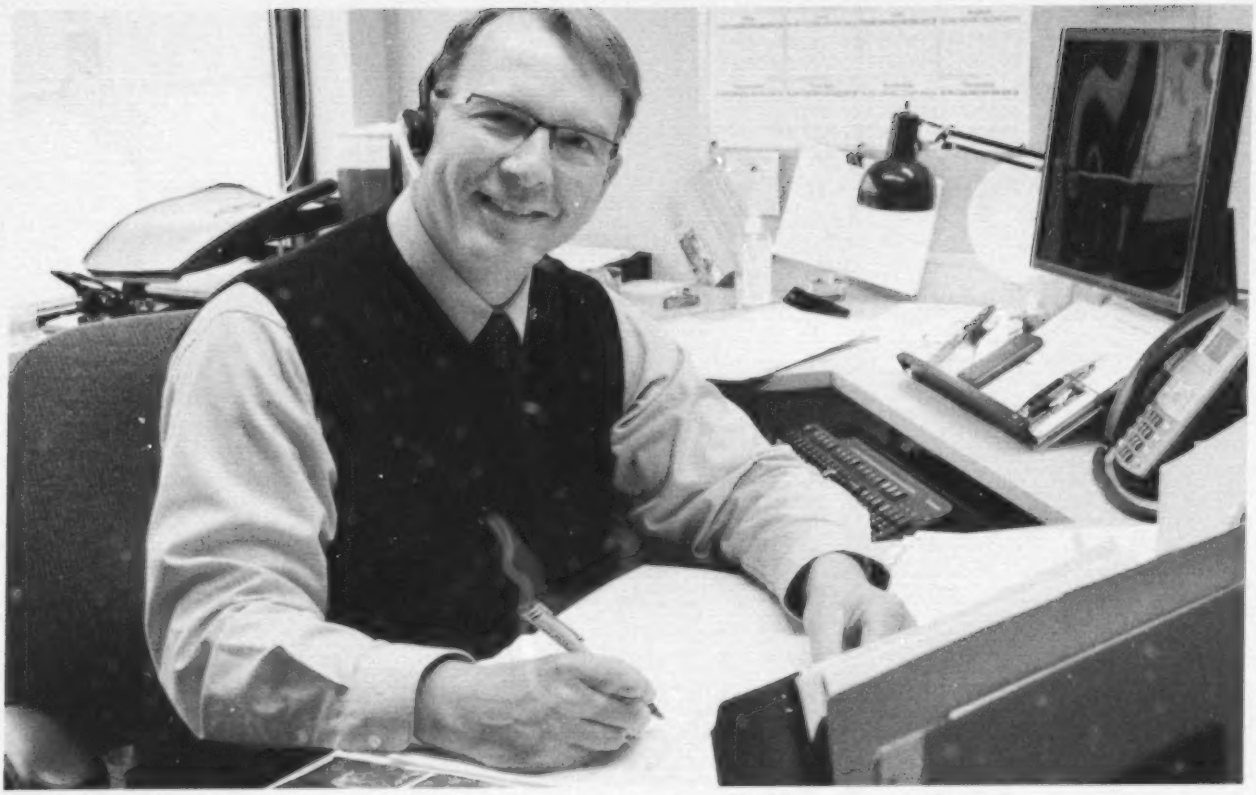
The Pensions Division promotes the equitable treatment of plan members and protects their pension savings from undue loss. The division also reviews pension plans to ensure legislative standards are met.

The Pension Benefits Act, 1992 applies to employer-sponsored pension plans with Saskatchewan residents as members. However, there are a few pension plans established by statute of the Government of Saskatchewan for its own employees which are not subject to the Act. Also, the Act does not apply to plans with respect to employment in connection with the operation of any work, undertaking or business that is within the legislative authority of the Parliament of Canada. These would be plans of companies involved in industries such as banking, transportation and broadcasting.

Securities

The Securities Division protects investors by regulating trading in securities. Activities aimed at protecting investors include:

- registering individuals and companies in the investment industry;
- reviewing documents used by companies and individuals to sell their securities to the public;
- requiring businesses to file regular financial information, send it to their security holders, and disseminate it to the market;
- reviewing companies' continuous disclosure documents, such as financial statements and press releases, to ensure they provide appropriate and timely ongoing information to serve as a basis for securities trading in the secondary market;
- exempting businesses from the main requirements of the legislation, when appropriate; and
- penalizing those who have not followed the provisions of the Act, or who have engaged in fraudulent and unscrupulous practices.



How We Work

Here at FCAA, we have four main activities that help us to build and maintain your trust in Saskatchewan's markets.

Licensing and Registration

We licence and register more than 19,000 entities and individuals in Saskatchewan across a wide variety of industries to make sure they are suitable for our marketplace.

Review, Audit and Compliance

We review prospectuses of businesses who wish to raise capital from the public. We routinely conduct audits to make sure that businesses and individuals are complying with Saskatchewan laws and meeting their obligations to consumers.

Market Conduct and Complaint Handling

Every day we receive, review, and investigate consumer complaints to determine whether rules have been violated. We work to mediate solutions for all parties or to recommend further courses of action. We pride ourselves on providing the people of Saskatchewan with respectful, professional service.

Enforcement

Sometimes the information we receive from complaints, audits and compliance activities, or from other sources shows that people or entities have violated the rules. We use our legislated authority to hold these persons to account through our hearing processes or by collaborating with law enforcement.

We License and Register more than 19,000 entities and individuals.

2014 – 2015 Accomplishments

Goal: Establish and support effective rules for Saskatchewan's marketplace

OBJECTIVE : Review, recommend, create, and maintain up-to-date Saskatchewan rules

- Pension regulations were amended to allow pension unlocking for non-residents of Canada.

  These new provisions modernize Saskatchewan unlocking rules and bring us in line with most other jurisdictions.

- FCAA is working on recommendations to amend regulations to provide temporary solvency relief for private sector target benefit plans.

  The amended regulations will reduce the likelihood that affected plans would be required to reduce benefits due to a funding deficiency.

- FCAA continues to review permanent funding rules for private sector target benefit plans.

  New rules would provide affected plans with more certainty regarding the treatment of future plan deficits.

- FCAA continues to review national and international banking standards to ensure deposit taking institutions in Saskatchewan align with best practices and industry standards.

- The Government of Canada has passed legislation that will result in SaskCentral being provincially regulated in 2017.

  FCAA continues to prepare for the transfer of responsibility from federal to provincial jurisdictions.

- *The Consumer Protection and Business Practices Act (CPBPA)* was proclaimed on September 1, 2014. Consultations on the regulations have been underway since 2013 and are expected to continue into 2015 and beyond.

  Effective marketplace regulations supports consumer confidence which encourages spending and investment.

- FCAA continues to support and implement the transition plan to integrate the Securities division into the Cooperative Capital Markets Regulatory Authority.

  This new cooperative regulator will better protect investors and support efficient capital markets by harmonizing regulations across participating jurisdictions.

- FCAA implemented the Saskatchewan Equity Crowdfunding exemption and worked with other Canadian jurisdictions to extend the concept to their jurisdictions.

- FCAA continues work with other participating jurisdictions on a second crowdfunding exemption that is expected to complement the start-up exemption by providing higher offering limits.

  These exemptions make it easier for start-ups and small businesses to raise capital more efficiently while maintaining appropriate investor protection.

OBJECTIVE : Increase harmonization with rules in other Canadian jurisdictions

- FCCA continues to work on the legal framework and multilateral agreement for Pooled Registered Pension Plans (PRPPs).

  PRPPs will provide Saskatchewan residents with a new way to save for retirement.

- FCAA continues to participate in the national review of exempt market dealers selling securities of related entities and the inherent conflicts of interest.

- FCAA continues to implement *The Securities Amendment Act, 2013* relating to derivatives and planning for operational needs.

  Regulations are being reviewed as failure can cause risk to our economy and affect investments.

- FCAA is participating with other jurisdictions in the review of capital raising prospectus exemptions.

  The exempt market is very important for Saskatchewan issuers and investors. It is important to make exemptions efficient for issuers while maintaining adequate investor protection.

- FCAA and the Ministry of Justice completed the re-write of *The Saskatchewan Insurance Act.*

  The new legislation increases harmonization with Alberta and British Columbia, and improves public protection provisions.

- FCAA continues to develop a supervisory framework together with other Canadian Insurance regulators to ensure Canada meets the requirements of the International Association of Insurance Supervisors' Insurance Core Principles dealing with market conduct.

  This initiative will improve public protection relating to the selling of insurance products to the public.

Goal: Administer the rules in Saskatchewan's marketplace

OBJECTIVE: Create and implement effective compliance programs

- Developed a compliance framework for PRPPs which will result in well-supervised plans operating in an efficient regulatory regime.
- Examined provincial trust and loan companies to ensure key risks were appropriately managed and public confidence is protected.
- Protected consumers from unlicensed lenders by looking into title loan activities in Saskatchewan to ensure entities operating in the province complied with requirements.
- Examined licensed mortgage brokerages to ensure disclosures were being provided to borrowers and that each borrower was obtaining the best mortgage available to them.
- Conducted motor vehicle dealer site inspections to facilitate compliance and provide opportunities for dialogue and information sharing.

This promotes consumer confidence and a level playing field amongst licensed dealers.

- Completed a public awareness initiative on the risks of dealing with unlicensed motor dealers to limit the negative impact on consumers.
- Carried out payday lender examinations to ensure payday loans complied with cost of borrowing limits, that borrowers received clear disclosures of the terms, conditions and costs associated with payday loans and that collection activities were compliant with legislative requirements.

Goal: Promote consumers' and regulated entities' understanding of their respective rights and responsibilities

OBJECTIVE: Market participants are aware of FCAA and what it will and won't do

- FCAA developed a plain-language compliance guide to help pension plan administrators avoid common mistakes and understand their responsibilities.
- FCAA continues to help pension plan members understand their rights and responsibilities by updating retirement resource materials.
- FCAA developed and implemented numerous social media campaigns focusing on educating various audiences about their rights and responsibilities under FCAA legislation as well as informing them about risks and scams.
- FCAA continues to develop guides to help Saskatchewan residents understand the consumer protection legislation.
- FCAA is looking at ways to partner with industry participants to increase the number of tips from the financial services industry about possible contraventions of securities laws that will improve our enforcement function.

  The goal is to limit the number of victims and amount of money lost to illegal activity.

Goal: FCAA has the people, processes, and systems to achieve its regulatory goals

OBJECTIVE: Operate efficiently

- FCAA continues to research how FCAA hearing panels might use information technology to make hearing processes more efficient.
- FCAA continues to develop a human resource plan to provide effective service delivery.

OBJECTIVE: Deliver service effectively

- Modernization of our IT systems continues with the development of the R3: Retool, Rethink, Refresh systems project.

  As Saskatchewan's population is increasing rapidly, there is an increased demand for government services. This system will enable FCAA to keep pace with increased volumes of licensees, investigate and resolve complaints, and manage risks in the marketplace.

OBJECTIVE: Make appropriate use of other entities that share responsibility for market confidence

- FCAA partnered with the Saskatchewan Genealogy Society (SGC) to complete and roll out a publically accessible Saskatchewan-wide cemetery database.
- FCAA partnered with the Ombudservice for Banking Services and Investments to make the handling of consumer complaints more efficient.

2015 - 2016 Goals

Goal: Establish and support effective rules for Saskatchewan's marketplace.

- Develop legislation to regulate the financial activities of SaskCentral in order to maintain confidence in Saskatchewan's credit union system.
- Continue consultations and development of regulations regarding *The Consumer Protection and Business Practices Act.*

  These changes will standardize and enhance enforcement tools and modernize regulation.
- Develop with other participating jurisdictions, uniform provincial legislation and regulations in support of the Cooperative Capital Markets Regulatory System.
- Continue working on the implementation of derivatives regulation in Saskatchewan including planning for operational needs.
- Implement the multi-jurisdictional crowdfunding general order based on the Saskatchewan model.
- Finalize work and implement amendments to the offering memorandum exemption.
- Develop regulations for *The Insurance Act.*

Goal: Administer the rules in Saskatchewan's marketplace

- Protect pension plan members' accrued benefits by providing advice, taking regulatory action or developing legislation to resolve funding issues faced by some public sector pension plans.
- Develop a supervisory framework and operational capacity to administer the legislation regulating SaskCentral.
- Undertake a review of the administration of Saskatchewan's cemeteries legislation.

- Implement the plan to increase tips from the financial services industry.
- Incorporate electronic technology in hearings to increase efficiency.
- FCAA will explore the possibility of prosecuting offences under certain FCAA administrative acts.

Goal: Promote consumers' and regulated entities' understanding of their respective rights and responsibilities

- Execute communications campaigns several times a year to improve public awareness of FCAA and to provide the public with important information on consumer issues.
- Develop a communications strategy for FCAA to respond to significant events in the marketplace or issues relevant to the activities of FCAA.

Goal: FCAA has the people, processes, and systems to achieve its regulatory goals

- Establish a capital markets regulatory authority with other participating jurisdictions to administer uniform securities legislation and regulations.
- Develop and implement a plan to achieve a balanced budget for FCAA after the launch of the capital markets regulatory authority to address loss of revenue from securities regulation.
- Acquire and implement a new regulatory license management system for all regulatory divisions other than the Securities division.
- Establish processes to effectively monitor whether FCAA's information technology service providers are appropriately managing and securing FCAA's IT systems and related data.
- Develop corporate-wide processes and policies for data and records management.
- Review the framework for the oversight of self-regulatory organizations under FCAA to ensure roles and responsibilities are defined, expectations are clearly set and mechanisms for reporting and control are established.

Habitat

Governing Legislation

The Auctioneers Act

The Cemeteries Act

The Charitable Fund-raising Businesses Act

The Collection Agents Act

The Consumer Protection and Business Practices Act

The Cost of Credit Disclosure Act, 2002

The Credit Reporting Act

The Credit Union Act, 1998

The Credit Union Act, 1985

The Direct Sellers Act

The Film and Video Classification Act

The Financial and Consumer Affairs Authority of Saskatchewan Act

The Funeral and Cremation Services Act

The Motor Dealers Act

The Mortgage Brokerages and Mortgage Administrators Act

The Payday Loans Act

The Pension Benefits Act, 1992

The Real Estate Act

The Sale of Goods Act

The Saskatchewan Insurance Act

The Securities Act, 1988

The Ticket Sales Act

The Trust and Loan Corporations Act, 1997

Performance Measures

We use performance measures to track our core activities and progress toward achieving strategic action items and to assess our success for the organization as a whole. In addition, each division also has efficiency and effectiveness measures.

How We Measure Success

Stakeholder - How do stakeholders see us?

- Regulated entities have confidence in the Saskatchewan marketplace.
- Consumers use FCAA information.

Our people - How do we continue to improve, innovate and create value?

- Monitoring human resource management effectiveness.
- Employee participation in learning and development.

Operational/Internal - How do we demonstrate operational excellence?

- Number of regulated entities reviewed each year.
- Client service standards achieved.

Financial - How are we accountable?

- Variance from budget.

Client Service Standards

Consumer Credit

- Review an application for licensing and issue a licence or an initial comment letter within 15 business days.

Insurance and Real Estate

- Review an application for licensing and issue a licence or an initial comment letter within 30 business days, when FCAA is the primary regulator, or 15 business days, when FCAA is not the primary regulator.

Pensions

- Review actuarial valuations of non-designated pension plans within 45 business days.
- Review annual information returns within 25 business days.

Securities

- Approve or respond to applications for individual registration within ten business days when FCAA is the principal regulator.
- Provide initial comments within ten business days of the date of the preliminary receipt issued for a long form prospectus and within three business days of the date of the preliminary receipt issued for a short form prospectus, when FCAA is the principal regulator.

Consumer Protection

- Respond to telephone inquiries immediately or return messages within three business days.
- Review an application for licensing and issue a licence or provide an initial comment letter within 15 business days.

Performance Measures 2014-2015

Measure	Data	Why Chosen	Target	Performance
Stakeholder Confidence in FCAA	Stakeholder Survey	Stakeholder views on the effectiveness of regulation are important	Maintain ± 3% or Improve	3.45 on a five point scale in 2013 survey*. This represents a seven per cent improvement over the last survey.
Consumers Use FCAA Information	Website Usage	The website is the primary way we disseminate information to consumers	5% Increase in Number of Hits on Consumer Pages	225,067 hits.**
Number of Regulated Entities Reviewed Each Year (Field and Desk Review)	Number of entities directly regulated by FCAA. Target number of entities that will be reviewed (based on risk and other criteria)	Sufficient regulation is both educational and a deterrent	Complete 100% of planned reviews	• Pensions:100% • Consumer Credit: 96 % • Insurance and Real Estate: 100 % • Securities: 100 %
Client Service Standards	See "Client Service Standards" on page 22	Service standards indicate quality service to those regulated	Meet 100% of Client Service Standards	
	Pensions : Review of Valuations Review of Annual Information returns			84 % 76 %
	Consumer Credit: Review an application for licensing and issue a license or an initial comment letter within 15 business days			99 %
	Consumer Protection: Response to inquiry line callers Application Reviews			99 % 100 %
	Insurance and Real Estate: Review an application for licensing and issue a licence or an initial comment letter within 30 business days			97 %
	Securities: Response to individual registration applications Comments on Prospectuses			99 % 100 %
Human Resource Management Effectiveness	Employee survey	FCAA's most valuable resource is its people	Maintain ± 3% or Improve	83%*** Employee Engagement
Staff Participation in Learning and Development	Employee survey Timecards	We want to create a learning environment for staff	80% Employee Participation	100% of Employees
Variance from Budget	Government Financial System	Managing within authorized amounts indicates efficiency	Within 10% of Expenditure Budget	10.3 % under budget in 2014-15

*The survey is reviewed on a periodic basis.
** Due to website changes, the decrease in hits is not comparable to previous year's number.
***This is a 2013-14 number. The survey is reviewed on a periodic basis.

Division Statistics

CONSUMER CREDIT DIVISION STATISTICS					
ACTIVITY	2014 -15	2013 - 14	2012 - 13	2011- 12	2011 - 12
Licences in Force under *The Trust and Loan Corporations Act, 1997*					
· Financing Corporations	131	124	120	108	87
· Trust Corporations	42	41	45	47	43
· Loan Corporations	8	7	8	8	8
· Loan Brokers	6	8	8	7	6
Licences in Force under *The Mortgage Brokerages and Mortgage Administrators Act*					
· Mortgage Brokerages	52	55	48	43	41
· Mortgage Brokers	115	120	120	124	123
· Mortgage Associates	219	207	167	148	113
· Mortgage Administrators	1	1	1	1	0
The Payday Loans Act	54	59	59	56	N/A
Credit Unions (as of December 31, 2013)	49	53	60	61	64
Audits, Inspections or Reviews	26	27	55	22	26

CONSUMER PROTECTION DIVISION STATISTICS					
ACTIVITY	2014 -15	2013 - 14	2012 - 13	2011 - 12	2010 - 11
Licences/Registrations in Force:	6,332	6,068	5,729	5,512	5,795
· Vendors/ Registrants	4,612	4,408	1,613	1,617	1,639
· Salespersons	1,720	1,660	4,116	3,898	4,156
Telephone Inquiries	5,024	6,670	6,192	7,613	7,388
Complaints, Investigations, and Inspections	477	531	510	343	378
Bond Pay-Outs to Consumers	0	0	$8,000	0	$40,000

INSURANCE AND REAL ESTATE DIVISION STATISTICS					
ACTIVITY	2014-15	2013-14	2012-13	2011-12	2010-11
Insurance Companies Based in Saskatchewan	12	12	12	13	13
Extra-Provincial Reciprocal Insurers	9	8	N/A	N/A	N/A
Audits, Inspections, or Reviews	23	14	24	21	23

PENSIONS DIVISION STATISTICS					
ACTIVITY	2014-15	2013-14	2012-13	2011-12	2010-11
Number of Plans Supervised	557	530	523	501	478
Number of Members in Plans Supervised	180,110	176,522	172,881	168,594	159,984
New Plans Registered	31	18	25	26	26
Plans Terminated	10	14	29	18	19
Actuarial Valuations Reviewed	37	32	11	22	43
Annual Information Returns Reviewed*	538	574	514	496	490
Plan Amendments Registered	137	105	168	122	135
On-site Pension Examinations	1	0	2	5	3

* The number of reviewed joint annual information returns (AIRs) will not precisely match the number of registered pension plans supervised. There are several reasons for this – i) a pension plan may file more than one AIR in any given fiscal year, ii) plan jurisdiction and design changes can result in additional AIR filings (i.e. transferring of plans between jurisdictions, plan mergers, etc.), and iii) plans listed as terminated plans would've had AIR filing requirements throughout the year in which they terminated.

SECURITIES DIVISION STATISTICS					
ACTIVITY	2014-15	2013-14	2012-13	2011-12	2010-11
Companies Registered to Sell Securities at Year End	663	630	506	488	449
Individuals Registered to Sell Securities at Year End	13,015	12,762*	12,189	12,177	11,592
Receipts Issued for Selling Documents of Saskatchewan Issuers	5	5	5	9	8
Selling Documents Received of Non-Saskatchewan Issuers	847	793	877	918	910
Continuous Disclosure Documents Received:					
· Annual Financial Statements	4,984	4,994	4,814	4,822	4,538
· Interim Financial Statements	7,696	7,745	7,773	7,582	7,181
· Proxy/Information Circulars	3,668	4,126	3,890	3,794	3,626
· Material Change Reports	2,959	3,260	3,384	3,563	4,037
· Annual Information Forms	1,261	1,406	1,217	1,357	1,342
Management Discussion and Analysis Received:					
· Annual	1,326	1,461	1,434	1,460	1,450
· Interim	4,087	4,180	4,318	4,301	4,139
· Annual Management Report of Fund Performance Received	3,620	3,558	3,221	3,286	3,060
Applications for Exemption:					
· Applications Granted	99	123	123	106	110
· Applications Withdrawn	1	10	21	14	13
Investigated Complaints and Enforcement Action:					
· Number of Files Open at Beginning of the Period	102	82	78	71	64
· Number of Files Opened During the Period	119	106	111	101	100
· Number of Files Closed During the Period	104	86	107	94	93
· Number of Files Open at the End of the Period	117	102	82	78	71

*The 2013-14 annual report mistakenly reported Individuals Registered to Sell Securities at Year End as 14, 223. The correct number is now reported.

SECURITIES DIVISION STATISTICS					
ACTIVITY	2014-15	2013-14	2012-13	2011-12	2010-11
Files Opened by Complaint Type:					
· Disclosure Violation	0	0	0	3	0
· Fraud	2	9	9	7	5
· Illegal Distribution	23	24	28	12	17
· Insider Trading	7	2	8	6	4
· Market Manipulation	0	0	1	2	4
· Misconduct by Registrants (Including Referrals to the Investment Industry Regulatory Organization of Canada and the Mutual Fund Dealers Association of Canada)	32	34	46	44	40
· General Inquiries, Share Certificate Inquiries, Assistance to other Regulators and Crowdfunding Files	55	37	19	27	30
· Total Files Opened	119	106	111	101	100
Investigation Orders	8	8**	5	6	10
Temporary and Extending Enforcement Orders	5	2	5	7	11
Settlement Agreements with Orders	2	2	1	4	4
Hearings with Orders	7	4	1	0	1

**The 2013-14 annual report mistakenly reported Investigation Orders as 46. The correct number is now reported.

Financial Statements

Management's Responsibility for Financial Statements

Financial and Consumer Affairs Authority of Saskatchewan

Report of Management for the Year Ended March 31, 2015

The accompanying financial statements are the responsibility of the management of the Financial and Consumer Affairs Authority of Saskatchewan. They have been prepared in accordance with Public Sector Accounting Standards, using management's best estimates and judgments where appropriate.

Management is responsible for the reliability and integrity of the financial statements, the notes to the financial statements, and other financial information contained in this report. Management is also responsible for maintaining a system of internal controls, policies, and procedures designed to provide reasonable assurance that assets are safeguarded and that accounting systems provide timely, accurate and reliable financial information.

The Authority's Board is responsible for ensuring that management fulfills its responsibilities for financial reporting and internal control. The financial statements have been reviewed and approved by the Board.

The Office of the Provincial Auditor has audited the Financial and Consumer Affairs Authority of Saskatchewan financial statements in accordance with Canadian generally accepted auditing standards and its report follows.

Roger Sobotkiewicz
Acting Chair and Executive Director
July 9, 2015

Ian McIntosh CA
Chief Financial Officer
July 9, 2015

Independent Auditor's Report

PROVINCIAL AUDITOR
of Saskatchewan

INDEPENDENT AUDITOR'S REPORT

To: The Members of the Legislative Assembly of Saskatchewan

I have audited the accompanying financial statements of the Financial and Consumer Affairs Authority of Saskatchewan, which comprise the statement of financial position as at March 31, 2015, and the statements of operations, changes in net financial assets, and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian public sector accounting standards for Treasury Board's approval, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the financial statements present fairly, in all material respects, the financial position of the Financial and Consumer Affairs Authority of Saskatchewan as at March 31, 2015, and the results of its operations, changes in net financial assets and cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Judy Ferguson

Regina, Saskatchewan
July 9, 2015

Judy Ferguson, FCPA, FCA
Provincial Auditor

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Statement 1
FCAA Statement of Financial Position As at March 31

	2015	2014
Financial Assets		
Cash	$1,015	$150
Due from General Revenue Fund (Note 4)	19,174,166	18,747,927
Accounts receivable	38,286	59,874
Prepaid expenses	6,341	15,172
Total financial assets	19,219,808	18,823,123
Liabilities		
Accounts payable and accrued liabilities	602,763	815,092
Dividend payable to General Revenue Fund (Note 5)	16,501,154	14,991,214
Unearned revenue (Notes 2 and 12)	2,115,891	2,016,817
Total liabilities	19,219,808	17,823,123
Net-Financial Assets (Statement 3)		1,000,000
Non-Financial Assets	-	-
Accumulated Surplus (Statement 2)	-	$1,000,000

(See accompanying notes to the financial statements)

Statement 2
FCAA Statement of Operations for the Year Ended March 31

	Annual Budget 2015	Actual 2015	Actual 2014
Revenue			
Revenue (Notes 2 and 11)	$19,557,000	$23,430,163	$22,453,169
Expenses			
Salaries and benefits	6,024,000	5,853,616	5,326,334
Travel (Note 13)	84,970	73,462	83,337
Contract services	803,775	783,306	834,010
Communications	23,540	23,606	26,097
Rent, supplies and services	1,061,755	1,070,977	977,908
Minor asset purchases	29,660	29,042	30,269
Information System Development (Note 17)	653,000	-	-
Transfers (Note 15)	157,300	95,000	184,000
Total expenses	8,838,000	7,929,009	7,461,955
Annual Surplus (Note 10)	10,719,000	15,501,154	14,991,214
Accumulated Surplus, beginning of year	1,000,000	1,000,000	1,000,000
Less:			
Dividend to General Revenue Fund (Note 5)	(11,719,000)	(16,501,154)	(14,991,214)
Accumulated Surplus, end of year (Statement 1)	-	-	$1,000,000

(See accompanying notes to the financial statements)

Statement 3
FCAA Statement of Changes in Net Financial Assets for the Year Ended March 31

	2015	2014
Annual Surplus	$15,501,154	$14,991,214
Dividend to the General Revenue Fund (Note 5)	(16,501,154)	(14,991,214)
Decrease in net financial assets	(1,000,000)	-
Net financial assets, beginning of year	1,000,000	1,000,000
Net financial assets, end of year (Statement 1)	-	$1,000,000

(See accompanying notes to the financial statements)

Statement 4
FCAA Statement of Cash Flows for the Year Ended March 31

	2015	2014
Cash Flows from Operating Activities		
Annual Surplus	$15,501,154	$14,991,214
Changes in non-cash working capital		
· Accounts receivable	21,588	(28,731)
· Prepaid expenses	8,831	(15,172)
· Accounts payable and accrued liabilities	(212,329)	177,194
Unearned revenue	99,074	(63,948)
Cash Provided By Operating Activities	15,418,318	15,060,557
Cash Flows from Financing Activities		
Dividend to the General Revenue Fund	(14,991,214)	(10,503,057)
Net Increase in Cash	427,104	4,557,500
Cash and cash equivalents, beginning of year	18,748,077	14,190,577
Cash and cash equivalents, end of year	19,175,181	18,748,077
Cash and cash equivalents consists of:		
Cash	1,015	150
Due from General Revenue Fund	19,174,166	18,747,927
	$19,175,181	$18,748,077

(See accompanying notes to the financial statements)

FCAA Notes to the Financial Statements for the Year Ended March 31, 2015

1. Authority and Purpose

The Financial and Consumer Affairs Authority of Saskatchewan (FCAA) was established under the provisions of *The Financial and Consumer Affairs Authority of Saskatchewan Act* (the FCAA Act) being Chapter F13.5 of The Statutes of Saskatchewan, proclaimed in force on October 1, 2012.

FCAA is a Treasury Board Crown corporation within the meaning of *The Crown Corporations Act, 1993.*

The mandate of FCAA is to oversee the protection of consumer and public interests and support economic well-being through responsive marketplace regulation. FCAA enhances consumer protection through licensing and registration, audit and compliance, market conduct, complaint handling, and enforcement activities pursuant to various provincial statutes.

FCAA has five divisions to carry out its mandate.

- Consumer Credit Division - regulates and supervises Saskatchewan credit unions, trust, loan and finance companies, loan and mortgage brokers, and payday lenders. The division protects the public interest and enhances public confidence by encouraging sound and ethical business practices.
- Insurance and Real Estate Division - licenses all companies which transact insurance in Saskatchewan. It protects insurance policyholders through solvency regulation of provincial insurance companies and market conduct regulation of federal and provincial companies. The division oversees the Insurance Councils of Saskatchewan with respect to rules applied to insurance agents and brokers. The Insurance and Real Estate division also protects real estate buyers and sellers by overseeing the Saskatchewan Real Estate Commission regarding the rules for real estate brokers and salespersons.
- Securities Division - protects investors by regulating the sale of securities without undue restrictions to ensure that those who sell securities to investors are honest and competent investors are provided with selling documents that contain truthful, complete and understandable information on which to base their investment decisions, buyers and sellers have equal access to information about companies trading in the secondary markets; and those who take undue advantage of investors are held to account.
- Pensions Division - protects Saskatchewan employees' pensions. The division establishes standards for the structure, administration, investment, and ongoing funding of plans. The division bolsters public confidence in the pension system by identifying and managing risks and problems, while allowing the market to develop to meet the retirement needs of Saskatchewan workers and employers.
- Consumer Protection Division - supports and promotes fair trading in goods or services purchased or acquired from a business for personal, household, and family purposes. It strives to protect consumers and maintain a fair trading and business environment through: market regulation, sector-specific business and salesperson licensing, complaint investigations, information and education initiatives, inter-agency and inter-jurisdictional cooperation, enforcement, research and by taking action on behalf of vulnerable consumers who have been deceived or misled. The division also supports the Film Classification Board and oversees the Funeral and Cremation Services Council.

In addition, FCAA has a Legal Branch. The Legal Branch provides legal and policy support to FCAA, other than the Securities Division, which has its own legal team.

Refer to Note 18 for anticipated future changes to the capital markets regulatory system.

2. Significant Accounting Policies

These financial statements are prepared in accordance with Canadian Public Sector Accounting Standards published by CPA Canada and reflect the following significant accounting principles:

a. Revenue Recognition

i. Fees and Other Sources of Revenue

Fees and other sources of revenue are recognized when earned.

Securities registration fees are, by agreement, collected and remitted to the FCAA by the Investment Industry Regulatory Organization of Canada (IIROC). The fees remitted to FCAA are net of IIROC's administration fees. Commencing with the year ended March 31, 2014, the FCAA records the gross fees collected by IIROC and records an offsetting expense equal to the IIROC administration charge. For the year ended March 31, 2015, administration fees charged by IIROC totaled $116,432 (2014 $116,461).

ii. Unearned Revenue

The Saskatchewan Insurance Act licence fees collected by the Insurance and Real Estate Division are for five-year licences. The licence fees collected by the Consumer Protection Division are also for a five year period. The revenue from licence fees that relate to future periods are recorded as unearned revenue, and recognized as revenue over the term of the licence.

Fees received by the Consumer Credit Division for trust and loan licences, mortgage broker licences, and payday lender licences are reported as revenue in the fiscal year in which the licence is issued. Fees received in one fiscal period for licences issued in the following fiscal period are treated as unearned revenue.

b. Expenses represent the cost of resources consumed for operations during the year.

Transfers are recognized as expenses in the period during which the transfer is authorized and any eligibility criteria are met.

c. Use of Estimates

These statements are prepared in accordance with Canadian Public Sector Accounting Standards. These statements require management to make estimates and assumptions that affect the reported amounts of assets/liabilities and disclosure of contingencies at the date of the financial statements and the reported amounts of revenue and expenses during the period. Actual amounts could differ from those estimates. Differences are reflected in the period when they are identified.

3. Financial Instruments

FCAA's financial instruments include due from and dividend payable to the General Revenue Fund (GRF), accounts receivable, accounts payable, and accrued liabilities. The carrying amount of these instruments approximates their fair value due to their short-term nature. These instruments have no material interest rate risk or credit risk.

4. Due from General Revenue Fund (GRF)

FCAA's bank account is included in the GRF and accounted for separately through an accounting segregation. Interest earned on the balance attributed to FCAA is calculated and paid into the account using the Government of Saskatchewan's (the government) 30-day borrowing rate and FCAA's average daily bank account balance. For the year ended March 31, 2015, interest earned totaled $154,876 (2014 $104,687). The government's average 30-day borrowing rate for the year ended March 31, 2015 was 0.921% (2014 1.017%).

5. Dividend to General Revenue Fund

In prior years, FCAA has been following a directive from Treasury Board to its predecessor organization, the Saskatchewan Financial Services Commission, to pay any surplus in excess of $1,000,000 to the GRF as a dividend.

FCAA's budget approved by Treasury Board for the year ended March 31, 2015 required for the return of the accumuated surplus, in addition to the annual operating surplus.

For the year ended March 31, 2015, FCAA has recorded the annual operating surplus of $15,501,154 plus the accumulated surplus of $1,000,000 as a dividend to the GRF.

6. Employee Future Benefits

FCAA's employees participate in the Public Employees' Pension Plan (PEPP), a multi-employer defined contribution pension plan. Pension costs of $356,193 (2014 $316,815) are included in salaries and benefits, and comprise the employer contributions for current service of employees during the year. FCAA's liability for pension plans is limited to making its required contributions to the plans.

FCAA provides sick leave benefits for employees. These benefits, if unused, accumulate, but do not vest. The FCAA has

not recorded an accrued sick leave benefit obligation, as it has been determined to be immaterial.

7. Related Party Transactions

Included in these financial statements are transactions with various Saskatchewan Crown corporations, ministries, agencies, boards, and commissions related to the FCAA by virtue of common control by the government, non-Crown corporations, and enterprises subject to joint control and significant influence by the government (collectively referred to as "related parties".)

The significant related party transactions incurred by FCAA and reflected in these financial statements were paid to the Ministry of Central Services for information technology equipment and support, and other administrative support services of $343,641 (2014 $349,805.) These transactions were recorded at mutually agreed upon rates and settled at normal trade terms.

These financial statements reflect the salary costs of FCAA employees and include the costs of employee benefits, including pension costs (Refer to Note 6), incurred for FCAA by the Province of Saskatchewan relating to those employees. FCAA reimburses the Ministry of Finance for these employee benefit costs. For the year ended March 31, 2015, employee benefit costs totaled $782,724 (2014 $712,898.)

These financial statements do not reflect the costs incurred by a number of related parties on behalf of FCAA. During the period ended March 31, 2015, FCAA received substantial administrative services from the Ministry of Finance without charge. In addition, FCAA, by agreement, received substantial services from the Public Service Commission relating to human resource management and payroll processing without charge.

Other transactions and amounts due to and from related parties are described separately in the financial statements and notes.

8. FCAA's Key Management Personnel Compensation

Key management of the FCAA include members of the Board of Directors, the executive director, and the seven division/branch directors. Compensation paid to key management personnel is shown adjacent. Members of the board of directors are compensated solely through meeting per diems and annual retainers.

	2015	2014
Salaries and short term employee benefits	$1,220,885	$1,169,931
Post employment benefits (PEPP)	84,088	77,977
Board per diems and retainers	117,400	63,010
	1,422,373	1,310,918

9. Contractual Obligations

Effective January 1, 2013, FCAA has a contractual obligation for its premises. The current lease expires December 31, 2017. The future minimum lease payments in each fiscal year are as follows:

Contractual Obligations	
2015/16	776,823
2016/17	776,823
9 months 2017	582,618

10. Segmented Disclosure

The following schedule provides the relevant segmented disclosure by division within FCAA:

Year ended March 31, 2015			
Division	Revenues	Expenses	Surplus
Securities Division	$17,485,732	$2,482,329	$15,003,403
Insurance and Real Estate Division	2,558,798	665,731	1,893,067
Consumer Protection Division	882,218	1,232,871	(350,653)
Pensions Division	608,348	539,225	69,123
Consumer Credit Division	1,740,191	758,569	981,622
Chair's Office/Admin-istration	154,876	1,323,734	(1,168,858)
Legal Branch	—	926,550	(926,550)
Totals	$ 23,430,163	$7,929,009	$15,501,154

Year ended March 31, 2014			
Division	Revenues	Expenses	Surplus
Securities Division	$17,267,300	$2,494,252	$14,773,048
Insurance and Real Estate Division	2,186,862	588,774	1,598,088
Consumer Protection Division	866,053	1,371,415	(505,362)
Pensions Division	610,046	473,609	136,437
Consumer Credit Division	1,418,165	735,106	683,059
Chair's Office/ Administration	104,743	1,017,957	(913,214)
Legal Branch	—	780,842	(780,842)
Totals	$22,453,169	$7,461,955	$14,991,214

Expenses relating to the operations of FCAA incurred by certain related parties are not reflected in these financial statements. Refer to Note 7 for additional details.

11. Revenue by category within each division

Sources of revenue by division are as follows:

	2015	2014
Securities Division		
· Prospectus Fees	$9,302,300	$9,084,950
· Registration Fees	5,382,923	5,366,589
· Exemption Fees	270,806	258,315
· Continuous Disclosure Filing Fees	2,511,550	2,462,550
· Administrative Penalties/ Costs of Investigations	13,700	90,000
· Other	4,453	4,896
Total	17,485,732	17,267,300
Insurance and Real Estate Division		
· Unlicensed Insurance Fees	2,065,312	1,810,707
· Insurance Company Licences/Other	493,486	376,155
Total	2,558,798	2,186,862
Consumer Protection Division		
· Collection Agents Fees	522,361	528,961
· Motor Dealer Fees	131,637	107,448
· Direct Seller Fees	129,168	135,973
· Other	99,052	93,671
Total	882,218	866,053
Pensions Division		
· Pension Plan Registration, Annual Fees, and Other	608,348	610,046
Consumer Credit Division		
· Trust and Loan Licences	1,355,025	1,087,475
· Mortgage Broker Licences	201,060	202,690
· Payday Loan Licence Fees	184,000	128,000
· Other	106	-
· Total	1,740,191	1,418,165
Chair's Office		
· Interest from GRF and Other	154,876	104,743
Total Revenue	$23,430,163	$22,453,169

12. Unearned Revenue

Unearned revenue, by revenue category is as follows:

	March 31, 2015	March 31, 2014
Saskatchewan Insurance Licence Fees	$672,995	$686,651
Trust and Loan Licence Fees	2,500	22,583
Mortgage Broker Licence Fees	5,200	1,500
Payday Loans Licence Fees	6,000	6,000
Consumer Protection Division Licence Fees	1,429,196	1,300,083
Total	$2,115,891	$2,016,817

13. Travel

FCAA is an active member of a number of financial regulatory organizations that are comprised of similar provincial and territorial regulators from across Canada. FCAA staff meet with their provincial counterparts through these organizations on a regular basis. Out-of-province travel is required for staff to attend these meetings and for other regulatory matters. Staff are also required to travel within the province in carrying out their regulatory responsibilities. FCAA follows the Government of Saskatchewan's policies and procedures relating to travel. Out-of-province travel is subject to prior review and approval. A delegated signing authority, approved by the Board of Directors, is in place to ensure that staff travel expenditures are subject to review and approval at the appropriate levels.

14. Contingencies

FCAA, along with others, is a defendant to several claims brought against it as a result of its operations. FCAA believes that these claims are without merit. If the court finds that FCAA is liable on the claims, any settlement to the plaintiff would be accounted for by FCAA as a charge against operations in the period in which settlement is made.

15. Transfers

The Consumer Protection Division provides ongoing operational funding (transfers) to permit certain cemeteries to meet their financial obligations.

By appointment under Section 74 of *The Cemeteries Act, 1999*, the FCAA administers three cemeteries located in Estevan, Weyburn, and Moosomin. Being under administration, the operation of these cemeteries is independent of the operations of FCAA. As such, the operating results of the cemeteries are not included in the operating results of FCAA.

16. Budget

The annual budget for FCAA for the year ended March 31, 2015 was approved by Treasury Board.

17. Information Technology System Development

FCAA continues to examine its existing and future information technology system needs. External consultants were engaged to assist staff in this effort. As a result of this work performed, a request for proposal (RFP) was issued during the year. Responses received have been subject to detailed review, with shortlist candidates subsequently interviewed by a selection committee. A preferred supplier has been chosen, and contract negotiations are in process.

Work on this project remains at a preliminary stage, intended to support the signing of a supply contract with a system developer. Consultants' costs totaling $127,315 ($197,453 in 2014) relating to this preliminary stage of the project have been expensed through the Chair's Office/Administration.

At this time, the total cost of this project is not known.

18. Cooperative Capital Markets Regulatory System

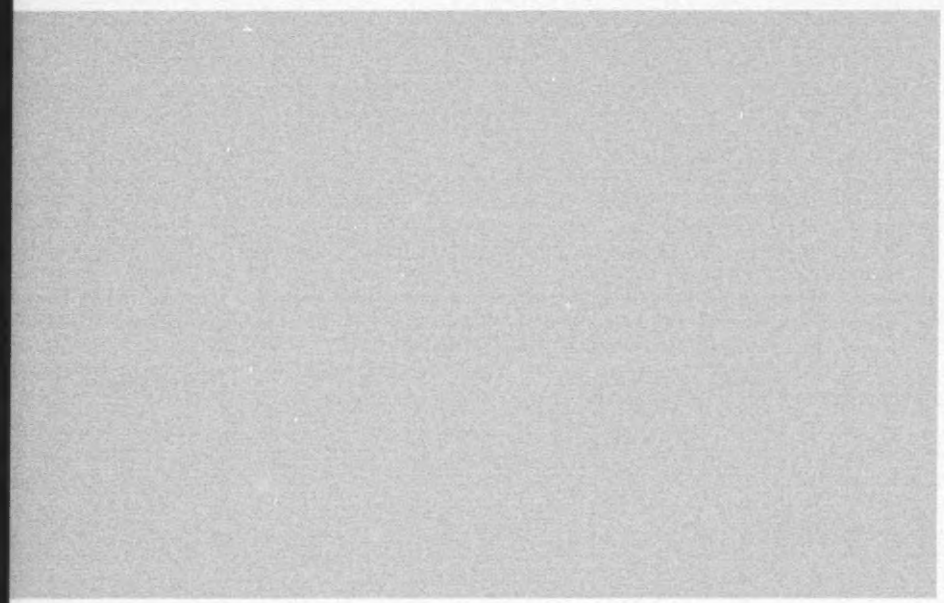
On August 26, 2014, Saskatchewan's Minister of Justice and Attorney General signed a Memorandum of Agreement to join the Co-operative Capital Markets Regulatory System (CCMR), bringing Canada a step closer to a national securities regulator.

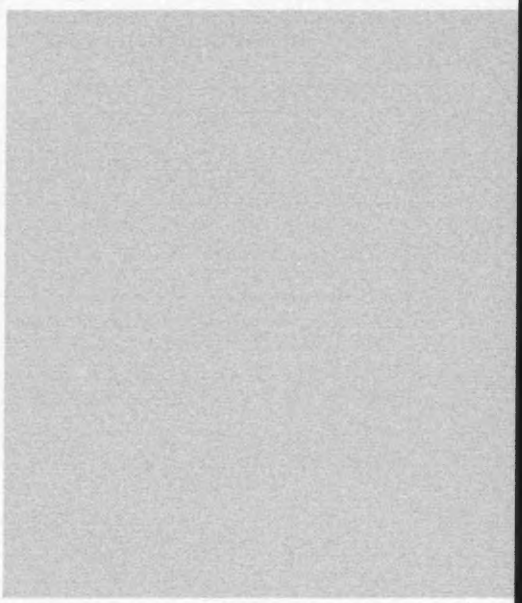
The implementation of the CCMR system will occur in several phases, which will include amending provincial and federal legislation and establishing a common regulator, the Capital Markets Regulatory Authority (CMRA), for participating jurisdictions that will create important national reforms while still allowing provinces to promote local needs.

On the operational launch date (yet to be determined) for the CCMR, the Securities Division of the FCAA will, by service agreement, begin working on behalf of the CMRA. Under this agreement, revenues collected by the Securities Division will be on behalf of and belong to the CMRA, and certain agreed expenses incurred by the Securities Division will be recoverable from the CMRA. After a period of three years from the launch date, the Securities Division may, by agreement, transfer to and become part of the CMRA.

It is expected that the agreement will impact the FCAA's financial statements in the 2016/17 fiscal year (Notes 10 and 11).

FCAA
Financial and
Consumer
Affairs Authority





FCAA

Financial and
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